

CONFIDENTIAL IN PART - REDACTED IN PART

REDACTED

**Hydro-Québec**

75, boulevard René-Lévesque ouest
 5^{ème} étage
 Montréal, Québec, Canada
 H2Z 1A4

GUARANTY AGREEMENT

This Guaranty Agreement ("Guaranty"), dated as of August 12, 2010, is made and entered into between:

Hydro-Québec, a body politic and corporate, duly incorporated and regulated by Hydro-Québec Act (R.S.Q., chapter H-5) and having its head office and principal place of business at 75, René-Lévesque Boulevard West, Montréal, Québec, Canada, H2Z 1A4,

(hereinafter referred to as the "Guarantor")

And

Central Vermont Public Service Corporation, a corporation duly organized under the laws of the State of Vermont, having its principal place of business at 77 Grove Street, Rutland, VT 05701, United States of America (hereinafter referred to as "CVPS"), **Green Mountain Power Corporation**, a corporation duly organized under the laws of the State of Vermont, having its principal place of business at 163 Acorn Lane, Colchester, Vermont 05446, United States of America (hereinafter referred to as "GMP"), **Vermont Electric Cooperative, Inc.**, a corporation duly organized under the laws of the State of Vermont, having its principal place of business at 42 Wescom Road, Johnson, Vermont 05656, United States of America (hereinafter referred to as "VEC"), **Vermont Public Power Supply Authority**, a body politic and corporate and a public instrumentality of the State of Vermont exercising public and essential governmental functions, having its principal place of business at 5195 Waterbury-Stowe Road, Waterbury Center, Vermont 05677, United States of America (hereinafter referred to as "VPPSA"), **Vermont Marble Power Division of Omya Inc.**, a corporation duly organized under the laws of the State of Vermont, having its principal place of business at 9987 Carver Road, Suite 300, Cincinnati, OH 45242, United States of America (hereinafter referred to as "Vermont Marble"), **City of Burlington, Vermont Electric Department**, a municipality duly organized under the laws of the State of Vermont, having its principal place of business at 585 Pine Street, Burlington, Vermont 05401, United States of America (hereinafter referred to as "BED") and **The Town of Stowe Electric Department**, a municipality duly organized under the laws of the State of Vermont, having its principal place of business at 56 Old Farm Road, P.O. Box 190, Stowe, Vermont 05672, United States of America (hereinafter referred to as "Stowe"),

(each of CVPS, GMP, VEC, VPPSA, Vermont Marble, BED and Stowe being hereinafter referred to as a "Beneficiary" and collectively as the "Beneficiaries").

WHEREAS the Beneficiaries and **H.Q. ENERGY SERVICES (U.S.) INC.**, a corporation created under the laws of the State of Delaware, having its place of business at Goodwin Square, 225 Asylum Street, 27th Floor, Hartford, CT 06103, United States of America, (hereinafter referred to as "HQUS"), an indirectly owned subsidiary of the Guarantor, have executed a Power Purchase and Sale Agreement dated August 12, 2010 (the "Agreement");

WHEREAS the Guarantor will directly and/or indirectly benefit from the Agreement;

WHEREAS the Beneficiaries have required that the Guarantor unconditionally guarantee to the Beneficiaries all payment obligations of HQUS under the Agreement; subject to a maximum dollar limitation as provided in Section 1 of this Guaranty;

NOW THEREFORE, in consideration of the premises, the Guarantor hereby agrees with the Beneficiaries as follows:

Section 1. Payment Guaranty. The Guarantor absolutely, irrevocably, and unconditionally guarantees to the Beneficiaries, their successors and endorsees and assignees, the prompt payment when due of all present and future amounts owed by HQUS to the Beneficiaries in accordance with the Agreement, upon a written demand by any Beneficiary stating that HQUS has failed to fulfill its obligations and liabilities resulting from the Agreement and that the amount claimed is due and payable to such Beneficiary, provided that the liability of the Guarantor under this Guaranty shall be limited in the aggregate, for all Beneficiaries, [REDACTED] plus all reasonable expenses incurred by the Beneficiaries to enforce their rights against the Guarantor under this Guaranty including, without limitation, attorneys' fees, court costs and similar costs.

At the Guarantor's request, each Beneficiary shall provide the Guarantor with any useful information respecting the content and the terms and conditions of the obligations and liabilities of HQUS with regard to the Agreement and a statement of account with details of billings and payments.

Section 2. Nature of Guaranty. The Guarantor's obligations hereunder shall be subject to all the contractual protections, limitations, waivers, exclusions and rights which HQUS has under the Agreement, and the Guarantor shall be subject to, and be entitled to the benefits of, any modification of, amendment to, waiver of or consent to departure from the Agreement to the extent, if any, HQUS would have been subject to or entitled to such benefits. Nonetheless, this Guaranty shall not be deemed discharged, impaired or affected by the existence, validity, enforceability, perfection, or extent of any collateral for any obligations of HQUS under the Agreement.

Section 3. Consents, Waivers and Renewals. The Guarantor agrees that any Beneficiary may at any time and from time to time, either before or after maturity thereof, without notice to or further consent of the Guarantor, waive rights under the Agreement, extend the time of payment of any payment obligations under the Agreement, exchange or surrender any collateral provided under the Agreement, or renew the Agreement, and may also make any agreement with HQUS or with any other party to, or person liable for, or any of the obligations contemplated in the Agreement, or interested therein, for the extension, renewal, payment, compromise, discharge or release thereof, in whole or in part, or for any amendment or modification of the terms thereof or of any agreement between such Beneficiary and HQUS or any such other party or person, without in any way impairing or affecting this Guaranty. The Guarantor hereby waives: (a) any requirement of diligence on the part of the Beneficiaries in pursuing payment under this Guaranty; and (b) any release of the Guarantor from its obligations hereunder that may result from any loss by it of its rights of subrogation hereunder. The Guarantor agrees that each Beneficiary may resort to the Guarantor for payment in virtue of the Agreement, whether or not such Beneficiary shall have resorted to any collateral security, or shall have proceeded against any other obligor principally or secondarily obligated with respect to any of the obligations in virtue of the Agreement.

Section 4. Subrogation. In any case, including HQUS's insolvency, the Guarantor will not exercise any rights, which it may acquire by way of subrogation, before all amounts due to the Beneficiaries under the Agreement shall have been paid in full. Subject to the foregoing, upon payment of all the obligations related to the Agreement, the Guarantor shall be subrogated to the rights of the Beneficiaries against HQUS and the Beneficiaries agree to take, at the Guarantor's expense, such steps as the Guarantor may reasonably request to implement such subrogation.

Section 5. Cumulative Rights. No failure on the part of any Beneficiary to exercise, and no delay in exercising any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by any Beneficiary of any right, remedy or power hereunder preclude any other future exercise of any right, remedy or power. Each and every right, remedy and power hereby granted to the Beneficiaries or allowed to them by law or other agreement shall be cumulative and not exclusive of any other, and may be exercised by any Beneficiary from time to time.

Section 6. Waiver of Notice. The Guarantor waives notice of the acceptance of this Guaranty, notice of dishonor, presentment and demand, except as set forth in Section 1, notice of exercise of any right and all other notices whatsoever.

Section 7. Representations and Warranties.

The Guarantor represents and warrants that:

- a) It is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has full legal power to execute, deliver and perform this Guaranty.
- b) The execution, delivery and performance of the Guaranty have been and remain duly authorized by all necessary corporate action and do not contravene any provision of law or the Guarantor's constitutional documents or any contractual restriction binding on the Guarantor or its assets.
- c) The Guaranty constitutes a legal, valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other similar laws applicable generally to corporations and to general principles of equity.

Section 8. Setoff and Counterclaims. The Guarantor shall be entitled to assert all rights and defenses that HQUS may be entitled to under the Agreement, including, but not limited to, any setoff or counterclaims that HQUS or any other affiliate of the Guarantor is or may be entitled to. Notwithstanding the preceding sentence, the liability of the Guarantor under the Guaranty shall not be affected because of the bankruptcy, insolvency, dissolution or liquidation of HQUS.

Section 9. Termination. This guarantee of payment is a continuing guarantee effective during the term of the Agreement and until complete performance by HQUS of its obligations under the Agreement and payment in full of all obligations thereunder. For the avoidance of doubt, an assignment of HQUS' obligations under the Agreement shall not release the Guarantor from its obligations hereunder unless HQUS is released of its obligations under the Agreement.

Section 10. Assignment. Neither party may assign its rights or interest hereunder, or delegate its obligations hereunder, to any other person without the prior written consent of the other parties. Notwithstanding the foregoing, each Beneficiary may assign its rights under this Guaranty to any authorized successor in interest to such Beneficiary's rights under the Agreement.

Section 11. Notices. All notices or other communications in respect of this Guaranty shall be in writing, and delivered by hand or by registered mail (return receipt requested), overnight courier service or given by facsimile (except for a demand of payment) and addressed or directed as follows:

If to the Guarantor:

HYDRO-QUÉBEC

Attention : Vice-President Financing, Treasury and
Pension Fund

75, René-Lévesque Boulevard West

5th floor

Montréal (Québec) Canada

H2Z 1A4

Facsimile: 514 289-5409

If to the Beneficiaries:

To the addresses shown on Annex A hereto

or such address as the Guarantor or any Beneficiary may give notice to the other party, from time to time.

Section 12. Successors; Governing Law. This Guaranty shall be binding upon the Guarantor, its successors and assignees. THIS GUARANTY AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAWS. EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT. ALL ACTIONS AND PROCEEDINGS ARISING OUT OF OR

RELATING TO THIS AGREEMENT SHALL BE HEARD AND DETERMINED EXCLUSIVELY IN A COURT LOCATED IN NEW YORK, NEW YORK. THE GUARANTOR IRREVOCABLY AND UNCONDITIONALLY WAIVES AND AGREES NOT TO ASSERT ANY CLAIM THAT (A) IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURTS, (B) THE SUIT, ACTION OR OTHER PROCEEDINGS IS BROUGHT IN AN INCONVENIENT FORUM, (C) THE VENUE OF THE SUIT, ACTION OR OTHER PROCEEDING IS IMPROPER, OR (D) TO THE EXTENT PERMITTED BY LAW, IT IS IMMUNE FROM SUIT UNDER ANY THEORY OF SOVEREIGN IMMUNITY, WHETHER UNDER COMMON LAW OR UNDER THE UNITED STATES FOREIGN SOVEREIGN IMMUNITIES ACT OF 1976, 28 U.S.C. § 1602 ET SEQ., OR UNDER ANY OTHER AUTHORITY, WITH THE INTENTION THAT THIS WAIVER CONSTITUTE EXPLICIT WAIVER OF IMMUNITY UNDER 28 U.S.C. § 1605 (A)(1) AND BE AN UNAMBIGUOUS DECLARATION OF THE GUARANTOR'S INTENT TO BE SUBJECT TO THE LAWS OF NEW YORK AND THE JUDICIAL PROCEEDINGS OF THE COURTS OF NEW YORK. THE GUARANTOR AGREES THAT, NOTWITHSTANDING ANY RIGHT OR PRIVILEGE IT MAY POSSESS AT ANY TIME, THE GUARANTOR AND ITS PROPERTY ARE AND SHALL BE GENERALLY (EXCEPT AS PROVIDED IN SECTION 17 OF THE HYDRO-QUEBEC ACT CONCERNING EXTRAORDINARY RECOURSES AND INJUNCTIVE RELIEF BY WAY OF INJUNCTION) SUBJECT TO SUIT ON ACCOUNT OF THE OBLIGATIONS ASSUMED BY IT HEREUNDER. GUARANTOR ACKNOWLEDGES THAT THIS IS A COMMERCIAL TRANSACTION HAVING SUBSTANTIAL CONTACT WITH THE UNITED STATES. THE GUARANTOR FURTHER AGREES THAT A FINAL JUDGMENT RENDERED BY A NEW YORK COURT AGAINST IT IN ANY SUCH ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE CONCLUSIVE AND MAY BE RECOGNIZED AND ENFORCED IN ANY JURISDICTION TO THE EXTENT PERMITTED BY APPLICABLE LAW.

Section 13. Entire agreement. This Guaranty constitutes the entire agreement of the Guarantor and the Beneficiaries pertaining to the subject matter hereof and supersedes all prior written or oral agreements and understandings between the Guarantor and the Beneficiaries with respect to the subject matter hereof.

Section 14. Amendments. No amendments or modifications of or to any provision of this Guaranty shall be binding until in writing and executed by all parties.

Section 15. Single Guaranty. Notwithstanding the existence of multiple Beneficiaries or multiple original copies of this Guaranty, this Guaranty constitutes a single instrument in favor of the Beneficiaries and cannot be drawn upon in the aggregate by any or all of the Beneficiaries in excess of the limitation set forth in Section 1.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Guarantor hereto has executed this Guaranty, as of the date set forth above.

HYDRO-QUÉBEC

By: 
Name: Jean-Hugues Lafleur
Title: Vice-President – Financing, Treasury and Pension Fund

By: 
Name: Stéphane Pépin
Title: Director – Structured Financing and Documentation

ANNEX A
NOTICE INFORMATION FOR BENEFICIARIES

CVPS:

Central Vermont Public Service Corp.
77 Grove Street
Rutland, VT 05701
Attention: Director, Power Supply & Strategic Analysis
Email: pwrsale@cvps.com
Fax: 802 747-1902

with a copy to

Central Vermont Public Service Corp.
77 Grove Street
Rutland, VT 05701
Attention: Corporate Secretary
Email: corpsecy@cvps.com
Fax: 802 770-3249

GMP:

Mgr. Energy Resource Planning
Attn: Douglas Smith
Green Mountain Power Corporation
163 Acorn Lane
Colchester, Vermont 05446
smith@greenmountainpower.com
(802) 655-8550 (fax)
(802) 655-8462 (voice)

with a copy to

Vice President and General Counsel
Attn: Donald Rendall
Green Mountain Power Corporation
163 Acorn Lane
Colchester, Vermont 05446
802-655-8420 (voice)
rendall@greenmountainpower.com

VEC:

Vermont Electric Cooperative, Inc.
42 Wescom Road
Johnson, Vermont 05656
Attention: Senior Power Resources Planner
email: ckieny@vermontelectric.coop
(800) 832-2667 (phone)
(802) 635-7645 (fax)

VPPSA:

Vermont Public Power Supply Authority
5195 Waterbury-Stowe Road
Waterbury Center, VT 05677
Attention: General Manager
Email: generalmanager@vppsa.com
Fax: 802-244-6889
Fax: 802-244-6889

with a copy to

Primmer Piper Eggleston & Cramer PC
PO Box 159
421 Summer St.
St. Johnsbury, Vermont 05819
Attention: Elijah D. Emerson
Email: eemerson@ppeclaw.com
Fax: 802-748-3976

Vermont Marble:

Omya Inc.
9987 Carver Road, Suite 300
Cincinnati, OH 45242
USA
Attention: Strategic Sourcing Manager - Energy and
Engineering
Email: todd.allard@omya.com
Fax: (513) 387-4311

with a copy to

Edward V. Schwiebert, Esq.
Kenlan Schwiebert Facey & Goss, P.C.
P.O. Box 578
71 Allen Street
Rutland, VT 05702-0578
Email: evs@kenlanlaw.com
Fax: (802) 775-1581

BED:

Burlington Electric Department
585 Pine Street
Burlington, VT 05401
Attention: General Manager
Email: bgrimes@burlingtonelectric.com
Fax: (802) 865-7400

with a copy to

McNeil, Leddy & Sheahan
271 South Union Street
Burlington, VT 05401
Attention: William F. Ellis, Esq.
Email: wellis@mcneilvt.com
Fax: (802) 863-1743

Stowe:

Town of Stowe Electric Department
P.O. Box 190
Stowe, Vermont 05672
Attention: Ellen Burt, General Manager
Email: eburt@stoweaccess.com
Phone: 802-253-7215
Fax: 802-253-4555

with a copy to

Stackpole & French Law Offices
P.O. Box 819
Stowe, Vermont 05672
Attention: Edward B. French, Jr., Esq.
Email: efrench@stackpolefrench.com
Phone: 802-253-7339
Fax: 802-253-7330